

FACT SHEET: The Universal Higher Education and Lifetime Learning Act

Background:

- Cost of Higher Education Increasing Dramatically, Forcing Students to Turn to Loans
 - Average total cost for a year at community college is over \$12,000, while average total cost for a year at a four-year state school is now over \$16,000.
 - Typical college student is now finishing school with over \$19,000 in student loan debt. Two-thirds of college students take out student loans to pay for school. Students will take out \$86 billion in student loans this year.
 - Estimates show that 4.4 million academically qualified students will opt out of going to a four-year college, and another 2 million will forgo college entirely.
- Value of Higher Education
 - Studies show that 80% of the new jobs over the next decade will require some level of higher education. A college graduate can expect to make 75% more than a high school graduate over the course of their lifetime. A worker with a bachelor's degree earns, on average, a million dollars more than a less-educated worker.
- Higher Education Tax Incentives Provide Minimal Assistance and Add Unnecessary Complexity
 - The three main higher education tax incentives provide \$6 billion in assistance to taxpayers.
 - For the 67 million taxpayers that make less than \$30,000, these tax provisions provide \$1.5 billion in assistance.
 - The I.R.S. publication that describes the higher education tax incentives (Publication 970) is 83 pages long.
 - According to a GAO study, 27 percent of eligible tax filers did not claim either the tuition tax deduction or an education tax credit in part due to the complexity of the current system.

The Emanuel/Camp Tax Credit would:

- Consolidate the Hope Credit, Lifetime Learning Credit, and the tuition and fees deduction into one simplified credit that provide up to \$3,000 in tax relief for students and families. This bill will benefit 9 million students attending four-year public and private colleges and universities and an estimated 1.1 million students attending community colleges.
- Credit covers 50% of the first \$3,000 in qualified education expenses and 30% of the next \$5,000 in qualified education expenses. Credit is available to single filers with incomes up to \$80,000 and joint filers with incomes up to \$160,000.
- Provides a 50% refundable credit that will allow one-third of all American households, home to nearly half of all American children, to benefit (for the first time) from a higher education tax incentive.
- Credit can be used to offset non-tuition costs. The bill expands the type of eligible education expenses that qualify for the tax credit to include room and board, books and supplies, and transportation. This change conforms how eligible education expenses are defined in the tax code with how they are defined for the purpose of qualifying for federal financial aid.

Organization Supporting the Emanuel/Camp Higher Education and Lifetime Act

- The American Association of Community Colleges, the American Association of Universities, the National Association of State Universities and Land-Grant Colleges, the National Association of Independent Colleges and Universities, the American Association of State Colleges and Universities,

the American Council on Education, the U.S. Chamber of Commerce, the Financial Services Roundtable, the Business Roundtable, and the United States Public Interest Research Group.